DP/1998/CRP.12
10 September 1998

ORIGINAL: ENGLISH

Third regular session 1998
14-16 and 21-22 September 1998, New York
Item 7 of the provisional agenda

REPORT OF THE OPEN-ENDED, AD HOC WORKING GROUP ON THE UNITED NATIONS DEVELOPMENT PROGRAMME FUNDING STRATEGY

1. In its decision 98/3, the Executive Board of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) established the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme Funding Strategy, in response to concern over the decline in core resource funding for UNDP. Decision 98/3 tasked the Working Group with a review of various funding mechanisms as well as other options to place the funding of the Programme on a predictable, assured and continuous basis. The Working Group was also tasked with the development of guidelines and criteria to set funding targets for the Programme's core resources as well as consideration of the matter of burden-sharing.

2. The deliberations of the Working Group took place in the context of declining official development assistance and growing United Nations emphasis on development financing generally. In particular, related but independent work by the United Nations Children's Fund and UNFPA on their funding strategies and General Assembly consideration of the matter of financing for development added insights to the deliberations of the Working Group. As was clearly indicated in the documentation put before the Working Group, UNDP core resources, reflected as actual income received, declined from $891 million in 1993 to $761 million in 1997. At the same time total Programme resources increased from $1.583 billion in 1993 to $2.185 billion in 1997 (actual income).

3. The Working Group met formally 13 times. It considered inputs from UNDP, members of the Programme and United Nations development agencies. Presentations from the World Bank and the International Fund for Agricultural Development provided the Working Group with insight into the resource mobilization strategies of these institutions. While separate institutions with differing mandates, their experiences were of assistance in guiding the Working Group's deliberations. In particular, they highlighted the need for a sense of commitment to the organization and that the funding strategy needed to reflect the interests as well as constraints of all partners. Several formal

submissions were put before the Working Group and some of these contributed materially to the present report and the elements for a decision contained in its annex. Topics addressed included current and historical perspectives on Programme funding, determination of Programme funding requirements, hedging practices, criteria for setting core funding targets, the Programme's profile and burden-sharing.

4. It was emphasized on a number of occasions that a renewed sense of partnership was the key to the Programme's future and the successful outcome of the Working Group. While this took expression in different forms, there was support for the notion of shared and renewed commitment to UNDP by programme countries, donor countries and the Programme itself. In this context, a number of delegations looked to the development of a package of actions, to be undertaken by the Programme, donors and programme countries, that collectively would take the Programme forward in both funding and programming terms.

5. A considerable number of informal meetings of participants of the Working Group were held under the auspices of different delegations. The UNDP secretariat participated actively in these and was a full partner in all discussions. In the week before the third regular session of the Executive Board, a concerted effort was made to reach agreement on the remaining areas of concern and a further three informal discussions were held.

6. Over the course of the 30-week life of the Working Group, many ideas were shared, including formal presentations and detailed consideration of submissions from Programme members. A central point of agreement was that core contributions to the Programme should remain voluntary. There was also agreement that the funding strategy needed to incorporate not only matters of predictability but also of volume, and that any measures proposed should not alter the fundamental nature of UNDP operations or introduce conditionality. The contribution of non-core resources and partnerships necessary to develop these were also recognized. However, on matters such as burden-sharing, the relationship between programme objectives, outcomes and resource mobilization, and how to attain a core resources funding target, a variety of perspectives remain.

7. These matters will be further explored at the current session of the Executive Board. The Executive Board may wish to consider the draft decision contained in the annex (English only) of the present report in seeking to determine a funding strategy for UNDP.

8. The present report was prepared by Alan March, Chair of the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme, on behalf of the President of the Executive Board.